

VILLAGE OF SAND LAKE
KENT COUNTY, MICHIGAN
41-3040
AUDIT REPORT
MARCH 31, 2004

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.

Local Government Type <input type="checkbox"/> City <input type="checkbox"/> Township <input checked="" type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name SAND LAKE VILLAGE	County KENT
Audit Date 3-31-2004	Opinion Date 7-2-2004	Date Accountant Report Submitted to State: 8-23-2004	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

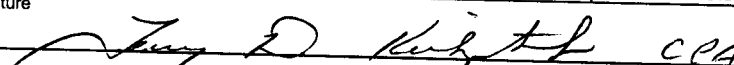
We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- ☐ Yes ☒ No 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ Yes ☒ No 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☐ Yes ☒ No 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ Yes ☒ No 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ Yes ☒ No 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ Yes ☒ No 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ Yes ☒ No 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ Yes ☒ No 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ Yes ☒ No 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

We have enclosed the following:

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	X		
Reports on individual federal financial assistance programs (program audits).			X
Single Audit Reports (ASLGU).			X

Certified Public Accountant (Firm Name) TERRY KIRKPATRICK, CPA, P.C.			
Street Address 211 MAPLE STREET	City BIG RAPIDS	State MI	ZIP 49307
Accountant Signature  CPA		Date 8-16-04	

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TERRY KIRKPATRICK, CPA, P.C.
CERTIFIED PUBLIC ACCOUNTANT

211 MAPLE STREET
P O BOX 817
BIG RAPIDS, MICHIGAN 49307-0817
(231) 796-3332
FAX (231) 796-5554

Independent Auditor's Report

July 2, 2004

To the Village Council of the Village of
Sand Lake, Kent County, Michigan:

We have audited the accompanying general purpose financial statements of the Village of Sand Lake, Michigan as of, and for, the year ended March 31, 2004, as listed on the contents page. These general purpose financial statements are the responsibility of the Village of Sand Lake, Michigan. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The general purpose financial statements referred to in the first paragraph do not include the general fixed assets account group, which should be included to conform with generally accepted accounting principles. The amount that should be recorded in the general fixed assets account group is not known.

In our opinion, except for the effect of the omission of the general fixed assets described in the preceding paragraph, the general purpose financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of the Village of Sand Lake, Michigan, as of March 31, 2004, and the results of its operations and cash flows of its proprietary fund types and non-expendable trust funds for the year then ended in conformity with generally accepted accounting principles.

Our audit was conducted for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The combining and individual fund and individual account group financial statements and schedules listed on the contents page are presented for the purpose of additional analysis and are not a required part of the general purpose financial statements of the Village of Sand Lake, Michigan. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly presented in all material respects in relation to the general purpose financial statements taken as a whole.

Terry Kirkpatrick, CPA, P.C.

Village of Sand Lake – Kent County, Michigan
Combined Balance Sheet – All Fund Types and Account Groups
March 31, 2004
With Comparative Totals at March 31, 2003

	Governmental					Proprietary		Fiduciary	Account		Totals
	Fund Types					Fund Types		Fund Type	Group		
	General	Special Revenue	Debt Service	Capital Projects		Enterprise	Internal Service	Trust and Agency	General Long-Term Debt		
ASSETS											
Cash in Checking	\$ 24,991	\$ (6,977)	\$ 0	\$ 0	\$ (4,821)	\$ (303)	\$ 26,491	\$ 0	\$ 39,381	\$ 19,238	
Cash in Savings	164,749	112,110	30,755	176,798	57,379	27,779	0	0	569,570	418,121	
Certificates of Deposit	0	0	0	0	131,116	0	0	0	131,116	129,494	
Accounts Receivable	0	0	0	0	7,278	0	0	0	7,278	7,745	
Assessments Receivable	0	0	0	0	4,951	0	0	0	4,951	7,057	
Due from Other Funds	3,477	0	2,700	0	2,852	0	0	0	9,029	6,636	
Due from Kent County	15,709	0	5,341	0	744	0	0	0	21,794	18,213	
Land	0	0	0	0	101,249	0	0	0	101,249	101,249	
Sewer System	0	0	0	0	881,440	0	0	0	881,440	881,440	
Water System	0	0	0	0	1,241,883	0	0	0	1,241,883	1,241,883	
Vehicles	0	0	0	0	0	71,116	0	0	71,116	71,116	
Equipment - Yard and Storage	0	0	0	0	0	84,652	0	0	84,652	82,380	
Office Equipment and Furniture	0	0	0	0	0	1,705	0	0	1,705	1,705	
Less: Accumulated Depreciation	0	0	0	0	(781,617)	(146,895)	0	0	(928,512)	(880,485)	
Amount Available in Debt Service											
Funds	0	0	0	0	0	0	0	0	38,796	38,796	0
Amount to be Provided for											
Payment of Debt Principal	0	0	0	0	0	0	0	0	486,204	486,204	10,774
Total assets	\$ 208,926	\$ 105,133	\$ 38,796	\$ 176,798	\$ 1,642,454	\$ 38,054	\$ 26,491	\$ 525,000	\$ 2,761,652	\$ 2,116,566	

LIABILITIES AND FUND EQUITY													
Accounts Payable	\$ 2,071	\$ 0	\$ 0	\$ 35,869	\$ 3,010	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 40,950	\$ 19,335	
Due to Other Funds	4,289	2,185	0	1,263	754	0	538	0	0	0	9,029	6,636	
Due to Other Units of Government	2,924	0	0	0	0	0	0	0	0	0	2,924	2,422	
Deferred Revenue	0	0	0	0	4,951	0	0	0	0	0	4,951	7,057	
General Obligation Bonds Payable	0	0	0	0	0	0	0	525,000	525,000	525,000	0	0	
Notes Payable	0	0	0	0	0	0	0	0	0	0	0	0	
Contributed Capital	0	0	0	0	0	0	0	0	0	0	0	10,774	
Contributed Capital - Other Funds	0	0	0	0	1,277,208	0	0	0	0	0	1,277,208	1,321,475	
Fund Balance - Expendable	0	0	0	0	47,000	0	0	0	0	0	47,000	47,000	
Fund Balance - Nonexpendable	0	0	0	0	0	0	650	0	0	0	650	389	
Fund Balance	199,642	102,948	0	0	0	0	25,303	0	0	0	25,303	24,928	
Retained Earnings	0	0	0	139,666	0	0	0	0	0	0	481,052	306,457	
Total liabilities and fund equity	\$ 208,926	\$ 105,133	\$ 38,796	\$ 176,798	\$ 1,642,454	\$ 38,054	\$ 26,491	\$ 525,000	\$ 2,761,652	\$ 2,116,566			

The "Notes to Financial Statements" are an integral part of these statements.

Village of Sand Lake – Kent County, Michigan
Combined Statement of Revenues, Expenditures and Changes in Fund Balance – All Governmental Fund Types
For the Year Ended March 31, 2004
With Comparative Totals at March 31, 2003

	General	Special Revenue	Debt Service	Capital Projects	Totals (Memorandum Only)	
					2004	2003
REVENUES						
Taxes	\$ 135,019	\$ 0	\$ 45,416	\$ 0	\$ 180,435	\$ 127,881
Licenses and Permits	0	0	0	0	0	850
State Grants	56,776	48,317	0	0	105,093	109,152
Charges for Services	15,661	0	0	0	15,661	8,690
Contributions from Local Units	66,567	0	0	0	66,567	67,007
Interest and Rents	8,031	1,637	0	1,524	11,192	11,596
Other Revenue	20,929	150	0	7,255	28,334	34,767
Total revenues	302,983	50,104	45,416	8,779	407,282	359,943
EXPENDITURES						
Legislative	3,690	0	0	0	3,690	3,180
General Government	134,609	0	0	0	134,609	136,174
Public Safety	85,959	0	0	0	85,959	111,250
Public Works	10,018	76,092	0	418,550	504,660	57,916
Other Functions	8,100	0	0	0	8,100	8,074
Debt Service	11,330	0	6,620	0	17,950	86,500
Total expenditures	253,706	76,092	6,620	418,550	754,968	403,094
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	49,277	(25,988)	38,796	(409,771)	(347,686)	(43,151)
OTHER FINANCING SOURCES (USES)						
Proceeds on Sale of Bonds	0	0	0	525,000	525,000	0
Operating Transfers In	0	4,309	0	2,974	7,283	34,223
Operating Transfers Out	(7,283)	0	0	0	(7,283)	(40,098)
Total other financing sources (uses)	(7,283)	4,309	0	527,974	525,000	(5,875)
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	41,994	(21,679)	38,796	118,203	177,314	(49,026)
FUND BALANCE - April 1	157,648	124,627	0	21,463	303,738	352,764
FUND BALANCE - March 31	\$ 199,642	\$ 102,948	\$ 38,796	\$ 139,666	\$ 481,052	\$ 303,738

The "Notes to Financial Statements" are an integral part of these statements.

Village of Sand Lake – Kent County, Michigan

Combined Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – All Annually Budgeted Governmental Fund Types
For the Year Ended March 31, 2004

	General Fund			Special Revenue Funds		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES						
Taxes	\$ 130,500	\$ 135,019	\$ 4,519	\$ 0	\$ 0	\$ 0
State Grants	52,000	56,776	4,776	38,268	48,317	10,049
Charges for Services	0	15,661	15,661	0	0	0
Contributions from Local Units	78,705	66,567	(12,138)	0	0	0
Interest and Rents	2,000	8,031	6,031	2,725	1,637	(1,088)
Other Revenue	27,000	20,929	(6,071)	3,780	150	(3,630)
Total revenues	290,205	302,983	12,778	44,773	50,104	5,331
EXPENDITURES						
Legislative	3,440	3,690	(250)	0	0	0
General Government	133,848	134,609	(761)	0	0	0
Public Safety	110,375	85,959	24,416	0	0	0
Public Works	11,500	10,018	1,482	43,064	76,092	(33,028)
Other Functions	18,712	8,100	10,612	0	0	0
Debt Service	11,330	11,330	0	0	0	0
Total expenditures	289,205	253,706	35,499	43,064	76,092	(33,028)
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	1,000	49,277	48,277	1,709	(25,988)	(27,697)
OTHER FINANCING SOURCES (USES)						
Operating Transfers In	0	0	0	8,000	4,309	(3,691)
Operating Transfers Out	0	(7,283)	(7,283)	(8,000)	0	8,000
Total other financing sources (uses)	0	(7,283)	(7,283)	0	4,309	4,309
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	1,000	41,994	40,994	1,709	(21,679)	(23,388)
FUND BALANCE - April 1	157,648	157,648	0	124,627	124,627	0
FUND BALANCE - March 31	\$ 158,648	\$ 199,642	\$ 40,994	\$ 126,336	\$ 102,948	\$ (23,388)

The "Notes to Financial Statements" are an integral part of these statements.

Village of Sand Lake – Kent County, Michigan
Combined Statement of Revenues, Expenses and Changes in Retained Earnings – All Proprietary and Similar Trust Fund Types
For the Year Ended March 31, 2004
With Comparative Totals at March 31, 2003

	Proprietary Fund Types		Fiduciary Fund Type		Totals
	Enterprise	Internal Service	Non-expendable Trust	(Memorandum Only)	
2004	2003				
REVENUES					
Operating Revenues					
Charges for services	\$ 47,322	\$ 10,579	\$ 375	\$ 58,276	\$ 85,158
EXPENSES					
Operating Expenses					
Salaries and wages	15,947	0	0	15,947	17,774
Unit's share - social security and unemployment	1,245	0	0	1,245	1,395
Operating supplies	2,325	0	0	2,325	1,338
Contracted services	17,906	0	0	17,906	22,728
Telephone	1,002	0	0	1,002	1,005
Insurance and bonds	6,613	0	0	6,613	6,179
Utilities	5,173	0	0	5,173	4,300
Repairs and maintenance	34,961	432	0	35,393	32,132
Training and education	1,164	0	0	1,164	265
Miscellaneous	18	0	0	18	213
Depreciation	44,267	5,463	0	49,730	54,599
Total operating expenses	130,621	5,895	0	136,516	141,928
Operating income (loss)	(83,299)	4,684	375	(78,240)	(56,770)
Non-Operating Revenues (Expenses)					
Other revenues	3,922	1,677	0	5,599	586
Interest on investments	3,809	327	261	4,397	5,077
Transfers in (out)	0	0	0	0	5,861
Assessments	2,105	0	0	2,105	4,420
Total non-operating revenues (expenses)	9,836	2,004	261	12,101	15,944
NET INCOME (LOSS)	(73,463)	6,688	636	(66,139)	(40,826)
Allocations to Contributed Capital					
Depreciation	44,267	0	0	44,267	44,267
NET INCOME (LOSS)	(29,196)	6,688	636	(21,872)	3,441
RETAINED EARNINGS - April 1	338,727	31,366	25,317	395,410	391,969
RETAINED EARNINGS - March 31	\$ 309,531	\$ 38,054	\$ 25,953	\$ 373,538	\$ 395,410

The "Notes to Financial Statements" are an integral part of these statements.

Village of Sand Lake – Kent County, Michigan
Combined Statement of Cash Flows – All Proprietary and Similar Trust Fund Types
For the Year Ended March 31, 2004
With Comparative Totals at March 31, 2003

	Proprietary Fund Type	Fiduciary Fund Type	Totals (Memorandum Only)
	Enterprise	Internal Service	Non-Expendable Trust
		2004	2003
CASH FLOWS FROM OPERATING ACTIVITIES			
Net Income (Loss)	\$ (73,463)	\$ 6,688	\$ 636
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:			
Depreciation	44,267	5,463	0
Decrease (Increase) in receivables	3,263	0	0
(Decrease) Increase in payables	(900)	(406)	0
Net cash provided by operating activities	(26,833)	11,745	636
INVESTMENT ACTIVITIES			
Purchase of Equipment (Net of Sales)	0	(3,975)	0
Net cash provided	(26,833)	7,770	636
CASH AND CASH EQUIVALENTS - April 1	210,507	19,706	25,855
CASH AND CASH EQUIVALENTS - March 31	\$ 183,674	\$ 27,476	\$ 26,491
		\$ 237,641	\$ 256,068

The "Notes to Financial Statements" are an integral part of these statements.

NOTES TO FINANCIAL STATEMENTS

Village of Sand Lake – Kent County, Michigan
Notes to Financial Statements
For the Year Ended March 31, 2004

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

In accordance with generally accepted accounting principles and Governmental Accounting Standards Board (GASB) Statement No. 14 "The Financial Reporting Entity", these financial statements present the Village of Sand Lake and its component units. The criteria established by the GASB for determining the reporting entity includes oversight responsibility, fiscal dependency, and whether the financial statements would be misleading if data were not included.

Basis of Presentation

The accounts of the Village of Sand Lake are organized and operated on the basis of funds and account groups. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds are maintained consistent with legal and managerial requirements. Account groups are a reporting device to account for certain assets and liabilities of the governmental funds not recorded in those funds.

The financial activities of the Village of Sand Lake are recorded in separate finds and account groups, categorized as follows:

GOVERNMENTAL FUNDS

General Fund

This fund is used to account for all financial resources except those provided for in another fund. Revenues are primarily derived from property taxes, State and Federal aid, and charges for services to provide for the administration and operation of: (1) general governmental departments, boards and commissions; (2) court systems; (3) law enforcement; and (4) health, welfare and medical assistance. The fund includes the general operating expenditures of the Village of Sand Lake.

Special Revenue Funds

These funds are used to account for specific revenue (other than expendable trusts or major capital projects) derived from State and Federal grants, General fund appropriations and charges for services which are to be expended for specific purposes as dictated by legal, regulatory or administrative requirements.

Debt Service Funds

These funds are used to record revenues which are restricted for payment of principal and interest on debt recorded in the General Long-Term Debt Account Group.

Capital Projects Funds

These funds are used to account for the acquisition or construction of major facilities other than those financed by proprietary fund operations.

Village of Sand Lake – Kent County, Michigan

Notes to Financial Statements – Continued

For the Year Ended March 31, 2004

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Basis of Presentation – Continued

PROPRIETARY FUNDS

Enterprise Funds

These funds account for operations: (a) that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs (expenses including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenue earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

Internal Service Funds

These funds account for the financing of goods and services provided by one department or agency to other departments or agencies of the governmental unit, or to other governmental units on a cost-reimbursement basis or for the purchase of delinquent real property taxes from local units of government.

FIDUCIARY FUNDS

Trust and Agency Funds

These funds account for assets held by a governmental unit in a trustee capacity or as an agent for individuals, private organizations, other governmental units and/or other funds. These include: (a) Expendable Trust Funds; (b) Nonexpendable Trust Funds; (c) Pension Trust Funds; and (d) Agency Funds.

ACCOUNT GROUPS

General Fixed Assets Account Group

This Account Group presents the fixed assets of the local unit utilized in its general operations (nonproprietary fixed assets).

Fixed assets used in the general operation of the Village are recorded as expenditures when purchased and are accounted for in the General Fixed Assets Account Group. No depreciation is recorded for these general fixed assets. Infrastructure assets, including roads, bridges, sanitary sewers, drains, curbs, and gutters are not capitalized. The Village of Sand Lake does not maintain the General Fixed Assets Account Group.

General Long-Term Debt Account Group

This Account Group presents the balance of general obligation long-term debt which is not recorded in proprietary or trust funds.

Cash, Cash Equivalents, and Investments

For purposes of the statement of cash flows, demand deposits and short-term investments with a maturity date of three months or less when acquired are considered to be cash equivalents.

Investments are stated at amortized cost, except for deferred compensation plan investments, which are stated at market. Pooled investment income is generally allocated to the various funds according to the share each has of the total investment on a monthly basis.

Village of Sand Lake – Kent County, Michigan
Notes to Financial Statements – Continued
For the Year Ended March 31, 2004

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Basis of Accounting

The accrual basis of accounting is used by the Proprietary Funds, Pension Trust Funds, and Nonexpendable Trust Funds. The modified-accrual basis of accounting is used by all Governmental Funds, Agency Funds, and Expendable Trust Funds. Revenue and other sources are recognized in the accounting period in which they become susceptible to accrual, that is when they become both measurable and available to finance expenditures of the fiscal period. Expenditures are recognized when the related liability is incurred. Modifications from the accrual basis are as follows:

- a. Property tax revenue should be recognized in accordance with MCGAA Statement No. 3:

Properties are assessed and lienied as of December 31 and their related property taxes are billed on July 1 of the following year. These taxes are due on August 31 with the final collection date of September 14 before they are added to the county delinquent tax rolls.

- b. Interest income on special assessments receivable is not accrued until its due date.
- c. Interest expense on bonded indebtedness and other long-term debt is not recorded as an expenditure until its due date.
- d. Payments for inventoriable types of supplies are recorded as expenditures at the time of purchase.
- e. Normally, expenditures are not divided between years by the recording of prepaid expenses.

Budgetary Data

The Village follows these procedures in establishing the budgetary data reflected in the financial statements:

1. At the Council meeting in March, the President submits to the Village Council a proposed operating budget for the fiscal year commencing the following April 1. The operating budget includes proposed expenditures and the means of financing them for the General fund, Special Revenue Funds, and the Debt Service Fund.
2. Public hearings are conducted at the Village Hall to obtain taxpayer comments.
3. Prior to March 31, the budget is legally enacted on a departmental (activity) basis through passage of a resolution.
4. Budget appropriations lapse at year-end except for approved contracts and certain federal grants, which are appropriated on a contract (grant) or entitlement-length basis.

Taxes – Current

The Village of Sand Lake property tax is levied on each July 1 on the taxable value of property located in the Village of Sand Lake as of the preceding December 31.

The 2003 taxable valuation of the Village of Sand Lake totaled \$8,789,295, on which ad valorem taxes levied consisted of 15.0 mills for the Village of Sand Lake operating purposes and 5.169 mills to pay for Street Improvement bonds. These amounts are recognized in the General Fund and the Street Improvement Debt Fund.

Village of Sand Lake – Kent County, Michigan
Notes to Financial Statements – Continued
For the Year Ended March 31, 2004

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Basis of Accounting – Continued

Total Column on Combined Statement – Overview

The total column on the Combined Statements is captioned “Memorandum Only” to indicate that it is presented only to facilitate financial analysis. Data in this column does not present financial position, results of operations, or changes in financial position in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation because interfund eliminations have not been made in the aggregation of this data.

Excess of Expenditures over Appropriations in Budgetary Funds

P. A. 621 of 1978, section 18(1), as amended, provides that a local unit shall not incur expenditures in excess of the amount appropriated.

In the body of the financial statements, the Village of Sand Lake’s actual expenditures and budgeted expenditures for the budgetary funds have been shown on a functional basis.

The approved budgets of the Village for these budgetary funds were adopted to the activity level.

NOTE B – BALANCE SHEET- CASH AND INVESTMENTS

Deposits are carried at cost. Deposits are in two financial institutions in the name of the Village of Sand Lake. Michigan Compiled Laws, Section 129.1, authorizes the Village of Sand Lake to deposit and invest in the accounts of Federally insured banks, credit unions, and savings and loan associations. Investments can also be made in bonds, securities, and other obligations of the United States, or an agency or instrumentality of the United States, which are guaranteed as to principal and interest by the United States, including securities issued by the Government National Mortgage Association; United States government or Federal agency obligation repurchase agreements; bankers’ acceptance of United States banks; commercial paper rated at the time of purchase with the two highest classifications by not less than two standard rating services which mature not more than 270 days after the date of purchase; or Michigan obligations or any of its political subdivisions that at the time of purchase are rated as investment grade by not less than one standard rating service. Michigan law prohibits security in the form of collateral, surety bonds, or other forms for the deposit of public money. Attorney General’s Opinion No. 6168 states that public funds may not be deposited in financial institutions located in states other than Michigan, unless the bank has a branch office located in Michigan. The Village of Sand Lake deposits are in accordance with statutory authority.

The Governmental Account Standards Board (GASB) Statement No. 3 risk disclosure for deposits at year-end are as follows:

	<u>Bank Balance</u>	
	<u>Deposits</u>	<u>Primary Government</u>
Insured (FDIC)		\$ 300,000
Uninsured		443,446
		<u>\$ 743,446</u>

At year end the balance sheet carrying amount of deposits was \$740,067.

Village of Sand Lake – Kent County, Michigan

Notes to Financial Statements – Continued

For the Year Ended March 31, 2004

NOTE C – INTERFUND TRANSFERS

Transfer from:

General

Transfer To:

Local Street	4,309
Fire Fighting Apparatus	1,487
Police Cruiser Replacement	1,487
<u>\$</u>	<u>7,283</u>

NOTE D – SEGMENT INFORMATION FOR ENTERPRISE FUNDS

The Village maintains Sewer and Water Maintenance Enterprise Funds, which provide service to Village residents. Segment information for the year ended March 31, 2004, was as follows:

	<u>Sewer</u>	<u>Water</u>	<u>Totals</u>
Operating revenues	\$ 26,624	\$ 20,698	\$ 47,322
Depreciation	13,221	31,046	44,267
Operating income (loss)	(39,270)	(44,029)	(83,299)
Non-operating revenues (expenses)	4,240	5,596	9,836
Net income (loss)	(35,030)	(38,433)	(73,463)
Net working capital	174,016	16,768	190,784
Total equity:			
Contributed capital	645,520	678,688	1,324,208
Retained earnings	203,551	105,980	309,531

NOTE E – LONG TERM DEBT

Fire Truck Purchase Loan

In August 1994, the Village of Sand Lake purchased a new fire truck at a total cost of \$101,660. To finance this purchase a financing lease was arranged with Midwest Bankers Group, Inc., of Indianapolis, Indiana. Payments shall be \$13,236.81 annually for ten years. Independent Bank – West Michigan purchased this lease at a later date, therefore the above payments are being made to them. The first such payment was made in February 1995. At March 31, 2004, this note had been paid in full.

Street Improvement Bonds

In March 2003, voters approved the sale of \$525,000 general obligation bonds for the cost of improving, renovating, constructing, reconstructing and paving of public streets in the Village of Sand Lake and to pay the costs of issuing bonds.

Village of Sand Lake – Kent County, Michigan
Notes to Financial Statements – Continued
For the Year Ended March 31, 2004

Long-Term Debt Requirements

The annual principal and interest requirements through maturity for the 2003 bonds outstanding as of March 31, 2004 are as follows:

<u>Year Ending</u> <u>March 31.</u>	<u>Interest</u>	<u>Principal</u>	<u>Total</u> <u>Requirement</u>
2005	\$ 15,192.50	\$ 20,000.00	\$ 35,192.50
2006	14,776.25	25,000.00	39,776.25
2007	14,313.75	25,000.00	39,313.75
2008	13,805.00	30,000.00	43,805.00
2009	13,250.00	30,000.00	43,250.00
Thereafter	72,958.75	395,000.00	467,958.75
	<u>\$ 144,296.25</u>	<u>\$ 525,000.00</u>	<u>\$ 669,296.25</u>

NOTE F – RISK FINANCING

The Village of Sand Lake is exposed to various risks of loss related to theft of, damage to and destruction of assets; errors and omissions; injuries to employees; liability; and natural disasters. These risks are covered by insurance purchased from independent third parties. Settled claims from these risks have not exceeded insurance coverage for the past two years.

For its employee health and accident insurance coverage, the Village purchases insurance from independent third parties. The premiums are paid monthly for this coverage.

***COMBINING AND INDIVIDUAL FUND
FINANCIAL STATEMENTS***

Village of Sand Lake – Kent County, Michigan
General Fund
Comparative Balance Sheet
March 31, 2004 and 2003

	<u>2004</u>	<u>2003</u>
ASSETS		
Cash in Checking	\$ 24,991	\$ 22,600
Cash in Savings	164,749	132,711
Due from Kent County	15,709	17,501
Due from Major Street Fund	1,250	919
Due from Local Street Fund	935	661
Due from Sewer Fund	754	944
Due from Cemetery Perpetual Care Fund	538	538
Total assets	<u>\$ 208,926</u>	<u>\$ 175,874</u>
LIABILITIES AND FUND EQUITY		
Account Payable	\$ 2,071	\$ 12,230
Due to Street Debt Fund	1,437	0
Due to Water Fund	2,852	3,574
Due to Other Units of Government	2,924	2,422
Fund Balance	199,642	157,648
Total liabilities and fund equity	<u>\$ 208,926</u>	<u>\$ 175,874</u>

Village of Sand Lake – Kent County, Michigan

General Fund

Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual

For the Year Ended March 31, 2004

With Comparative Actual Amounts for the Year Ended March 31, 2003

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)	2003 <u>Actual</u>
REVENUES				
Taxes	\$ 130,500	\$ 135,019	\$ 4,519	\$ 127,881
Licenses and Permits	0	0	0	850
State Grants	52,000	56,776	4,776	61,221
Charges for Services	0	15,661	15,661	8,690
Contributions from Local Units -				
Public Safety	78,705	66,567	(12,138)	67,007
Interest and Rents	2,000	8,031	6,031	8,629
Other Revenue	27,000	20,929	(6,071)	21,044
Total revenues	290,205	302,983	12,778	295,322
EXPENDITURES				
Legislative				
Village council	3,440	3,690	(250)	3,180
General Government				
Elections	1,000	1,561	(561)	1,541
Assessor	500	500	0	500
Clerk	20,000	21,596	(1,596)	20,651
Treasurer	8,838	7,125	1,713	6,799
Building and grounds	60,000	67,222	(7,222)	72,464
Cemetery	8,510	10,295	(1,785)	9,112
Other administrative	35,000	26,310	8,690	25,107
Total general government	133,848	134,609	(761)	136,174
Public Safety				
Police department	43,000	32,436	10,564	36,472
Fire department	67,375	53,523	13,852	58,012
Total public safety	110,375	85,959	24,416	94,484
Public Works				
Street lighting	11,500	10,018	1,482	10,683
Other Functions				
Insurance, bonds and fringes	18,712	8,100	10,612	8,074
Debt Service				
Debt Service				
Principal payments	10,774	10,774	0	12,023
Interest payments	556	556	0	1,214
Total debt service	11,330	11,330	0	13,237
Total expenditures	289,205	253,706	35,499	265,832

Village of Sand Lake – Kent County, Michigan

General Fund

Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Continued
For the Year Ended March 31, 2004

With Comparative Actual Amounts for the Year Ended March 31, 2003

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)	2003 <u>Actual</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	1,000	49,277	48,277	29,490
OTHER FINANCING SOURCES (USES)				
Transfer from Cemetery Perpetual Care Fund	0	0	0	4,132
Transfer to Local Street Fund	0	(4,309)	(4,309)	(3,862)
Transfer to Fire Fighting Apparatus	0	(1,487)	(1,487)	(1,220)
Transfer to Fire Vehicle Fund	0	0	0	(13,781)
Transfer to Police Cruiser Replacement	0	(1,487)	(1,487)	(1,331)
Total other financing sources (uses)	0	(7,283)	(7,283)	(16,062)
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	1,000	41,994	40,994	13,428
FUND BALANCE - April 1	157,648	157,648	0	144,220
FUND BALANCE - March 31	<u>\$ 158,648</u>	<u>\$ 199,642</u>	<u>\$ 40,994</u>	<u>\$ 157,648</u>

Village of Sand Lake – Kent County, Michigan

Special Revenue Funds

Combining Balance Sheet

March 31, 2004

With Comparative Totals at March 31, 2003

	<u>Major Street</u>	<u>Local Street</u>	<u>Totals</u> <u>2004</u>	<u>2003</u>
ASSETS				
Cash in Checking	\$ (5,705)	\$ (1,272)	\$ (6,977)	\$ (6,891)
Cash in Savings	66,956	45,154	112,110	138,184
Total assets	<u>\$ 61,251</u>	<u>\$ 43,882</u>	<u>\$ 105,133</u>	<u>\$ 131,293</u>
LIABILITIES AND FUND EQUITY				
Accounts Payable	\$ 0	\$ 0	\$ 0	\$ 5,085
Due to General Fund	1,250	935	2,185	1,580
Fund Balance	60,001	42,947	102,948	124,628
Total liabilities and fund equity	<u>\$ 61,251</u>	<u>\$ 43,882</u>	<u>\$ 105,133</u>	<u>\$ 131,293</u>

Village of Sand Lake – Kent County, Michigan

Special Revenue Funds

Combining Statement of Revenues, Expenditures and Changes in Fund Balance

For the Year Ended March 31, 2004

With Comparative Totals for the Year Ended March 31, 2003

	Major <u>Street</u>	Local <u>Street</u>	<u>Totals</u> 2004	2003
REVENUES				
State Grants	\$ 37,291	\$ 11,026	\$ 48,317	\$ 47,931
Interest and Rents	1,497	140	1,637	2,157
Other Revenue	45	105	150	192
Total revenues	38,833	11,271	50,104	50,280
EXPENDITURES				
Public Works	63,974	12,118	76,092	47,233
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(25,141)	(847)	(25,988)	3,047
OTHER FINANCING SOURCES (USES)				
Operating Transfers In	0	4,309	4,309	13,056
Operating Transfers Out	0	0	0	(9,194)
Total other financing sources (uses)	0	4,309	4,309	3,862
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(25,141)	3,462	(21,679)	6,909
FUND BALANCE - April 1	85,142	39,485	124,627	117,718
FUND BALANCE - March 31	\$ 60,001	\$ 42,947	\$ 102,948	\$ 124,627

Village of Sand Lake – Kent County, Michigan
Major Street Fund
Comparative Balance Sheet
March 31, 2004 and 2003

	<u>2004</u>	<u>2003</u>
ASSETS		
Cash in Checking	\$ (5,705)	\$ (5,289)
Cash in Savings	66,956	94,919
Total assets	<u>\$ 61,251</u>	<u>\$ 89,630</u>
LIABILITIES AND FUND EQUITY		
Accounts Payable	\$ 0	\$ 3,569
Due to General Fund	1,250	919
Fund Balance	60,001	85,142
Total liabilities and fund equity	<u>\$ 61,251</u>	<u>\$ 89,630</u>

Village of Sand Lake – Kent County, Michigan

Major Street Fund

Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual
For the Year Ended March 31, 2004

With Comparative Actual Amounts for the Year Ended March 31, 2003

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)	2003 <u>Actual</u>
REVENUES				
State Grants				
State shared revenue	\$ 32,000	\$ 37,291	\$ 5,291	\$ 36,778
Interest and Rents				
Interest on investments	2,500	1,497	(1,003)	1,972
Other Revenue				
Other	0	45	45	42
Total revenues	34,500	38,833	4,333	38,792
EXPENDITURES				
Public Works				
Highways, Streets, and Bridges				
Salaries and wages	4,000	4,229	(229)	5,011
Unit's share - social security	306	330	(24)	394
Operating supplies	4,000	974	3,026	2,596
Contracted services	7,800	48,587	(40,787)	9,179
Insurance and bonds	801	375	426	252
Miscellaneous	400	120	280	165
Repairs and maintenance	250	1,954	(1,704)	2,660
Equipment rental	8,000	7,405	595	9,568
Total expenditures	25,557	63,974	(38,417)	29,825
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	8,943	(25,141)	(34,084)	8,967
OTHER FINANCING SOURCES (USES)				
Transfer to Local Street Fund	(8,000)	0	8,000	(9,194)
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	943	(25,141)	(26,084)	(227)
FUND BALANCE - April 1	85,142	85,142	0	85,369
FUND BALANCE - March 31	\$ 86,085	\$ 60,001	\$ (26,084)	\$ 85,142

Village of Sand Lake – Kent County, Michigan

Local Street Fund

Comparative Balance Sheet

March 31, 2004 and 2003

	<u>2004</u>	<u>2003</u>
ASSETS		
Cash in Checking	\$ (1,272)	\$ (1,602)
Cash in Savings	45,154	43,265
Total assets	<u>\$ 43,882</u>	<u>\$ 41,663</u>
LIABILITIES AND FUND EQUITY		
Accounts Payable	\$ 0	\$ 1,516
Due to General Fund	935	661
Fund Balance	42,947	39,486
Total liabilities and fund equity	<u>\$ 43,882</u>	<u>\$ 41,663</u>

Village of Sand Lake – Kent County, Michigan

Local Street Fund

Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual

For the Year Ended March 31, 2004

With Comparative Actual Amounts for the Year Ended March 31, 2003

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)	2003 <u>Actual</u>
REVENUES				
State Grants				
State shared revenue	\$ 6,268	\$ 11,026	\$ 4,758	\$ 11,153
Interest and Rents				
Interest on investments	225	140	(85)	185
Other Revenue				
Other	3,780	105	(3,675)	150
Total revenues	<u>10,273</u>	<u>11,271</u>	<u>998</u>	<u>11,488</u>
EXPENDITURES				
Public Works				
Highways, Streets and Bridges				
Salaries and wages	4,000	3,504	496	3,236
Unit's share - social security and unemployment	306	273	33	254
Operating supplies	5,000	453	4,547	1,996
Contracted services	2,400	4,037	(1,637)	4,777
Insurance and bonds	801	375	426	252
Miscellaneous	0	0	0	28
Repairs and maintenance	1,000	302	698	2,765
Equipment rental	4,000	3,174	826	4,100
Total expenditures	<u>17,507</u>	<u>12,118</u>	<u>5,389</u>	<u>17,408</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(7,234)	(847)	6,387	(5,920)
OTHER FINANCING SOURCES (USES)				
Transfer from General Fund	0	4,309	4,309	3,862
Transfer from Major Street Fund	8,000	0	(8,000)	9,194
Total other financing sources (uses)	<u>8,000</u>	<u>4,309</u>	<u>(3,691)</u>	<u>13,056</u>
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	766	3,462	2,696	7,136
FUND BALANCE - April 1	39,485	39,485	0	32,349
FUND BALANCE - March 31	<u>\$ 40,251</u>	<u>\$ 42,947</u>	<u>\$ 2,696</u>	<u>\$ 39,485</u>

Village of Sand Lake – Kent County, Michigan

Debt Service Funds

Combining Balance Sheet

March 31, 2004

With Comparative Totals at March 31, 2003

	Street Improvement Debt	Water Tower Debt	2004	Totals 2003
ASSETS				
Cash in Savings	\$ 30,755	\$ 0	\$ 30,755	\$ 0
Due from General Fund	1,437	0	1,437	0
Due from St. Improvement Fund	1,263	0	1,263	0
Due from Kent County	5,341	0	5,341	0
Total assets	<u>\$ 38,796</u>	<u>\$ 0</u>	<u>\$ 38,796</u>	<u>\$ 0</u>
LIABILITIES AND FUND EQUITY				
Fund Balance	<u>\$ 38,796</u>	<u>\$ 0</u>	<u>\$ 38,796</u>	<u>\$ 0</u>

Village of Sand Lake – Kent County, Michigan

Debt Service Funds

Combining Statement of Revenues, Expenditures and Changes in Fund Balance

For the Year Ended March 31, 2004

With Comparative Totals for the Year Ended March 31, 2003

	Street Improvement <u>Debt</u>	Water Tower <u>Debt</u>	<u>2004</u>	<u>Totals</u> <u>2003</u>
REVENUES				
Taxes	\$ 45,416	\$ 0	\$ 45,416	\$ 0
Interest and Rents	0	0	0	810
Total revenues	45,416	0	45,416	810
EXPENDITURES				
Debt Service	6,620	0	6,620	73,263
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	38,796	0	38,796	(72,453)
OTHER FINANCING SOURCES (USES)				
Transfer to Water Fund	0	0	0	(10,007)
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	38,796	0	38,796	(82,460)
FUND BALANCE - April 1	0	0	0	82,460
FUND BALANCE - March 31	\$ 38,796	\$ 0	\$ 38,796	\$ 0

Village of Sand Lake – Kent County, Michigan
Water Tower Debt Fund
Comparative Statement of Revenues, Expenditures and Changes in Fund Balance
For the Year Ended March 31, 2004
With Comparative Amounts for the Year Ended March 31, 2003

	<u>2004</u>	<u>2003</u>
REVENUES		
Taxes		
Current property taxes	\$ 0	\$ 0
Interest and Rents		
Interest on investments	0	810
Total revenues	<u>0</u>	<u>810</u>
EXPENDITURES		
Debt Service		
Debt Service		
Principal payments	0	70,000
Interest payments	0	3,063
Miscellaneous	0	200
Total expenditures	<u>0</u>	<u>73,263</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	0	(72,453)
OTHER FINANCING SOURCES (USES)		
Transfer to Water Fund	<u>0</u>	<u>(10,007)</u>
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	0	(82,460)
FUND BALANCE - April 1	0	82,460
FUND BALANCE March 31	<u>\$ 0</u>	<u>\$ 0</u>

Village of Sand Lake – Kent County, Michigan
Street Improvement Debt Fund
Comparative Balance Sheet
March 31, 2004 and 2003

	<u>2004</u>	<u>2003</u>
ASSETS		
Cash in Savings	\$ 30,755	\$ 0
Due from General Fund	1,437	0
Due from Street Improvement Fund	1,263	0
Due from Kent County	5,341	0
Total assets	<u>\$ 38,796</u>	<u>\$ 0</u>
LIABILITIES AND FUND EQUITY		
Fund Balance	<u>\$ 38,796</u>	<u>\$ 0</u>

Village of Sand Lake – Kent County, Michigan

Street Improvement Debt Fund

Comparative Statement of Revenues, Expenditures and Changes in Fund Balance
For the Years Ended March 31, 2004 and 2003

	<u>2004</u>	<u>2003</u>
REVENUES		
Current Property Tax	\$ 45.416	\$ 0
EXPENDITURES		
Debt Service		
Interest payments	6.620	0
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	38.796	0
FUND BALANCE - April 1	0	0
FUND BALANCE - March 31	<u>\$ 38.796</u>	<u>\$ 0</u>

Village of Sand Lake – Kent County, Michigan
 Capital Project Funds
 Combining Balance Sheet
 March 31, 2004
 With Comparative Totals at March 31, 2003

	Street Improvement	Fire Fighting Apparatus	Police Cruiser Replacement	Fire Vehicle	Totals
	2004	2003			
ASSETS					
Cash in Savings	\$ 145,106	\$ 3,485	\$ 6,930	\$ 21,277	\$ 176,798
					\$ 24,181
LIABILITIES AND FUND EQUITY					
Contract Retainage Payable	\$ 35,869	\$ 0	\$ 0	\$ 0	\$ 35,869
Due to Street Debt Fund	1,263	0	0	0	1,263
Fund Balance	107,974	3,485	6,930	21,277	139,666
Total liabilities and fund equity	\$ 145,106	\$ 3,485	\$ 6,930	\$ 21,277	\$ 176,798
					\$ 24,181

Village of Sand Lake -- Kent County, Michigan
Capital Project Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
For the Year Ended March 31, 2004
With Comparative Totals for the Year Ended March 31, 2003

	Street Improvement	Fire Fighting Apparatus	Police Cruiser Replacement	Fire Vehicle	2004	Totals	2003
REVENUES							
Interest and Rents	\$ 1,524	\$ 0	\$ 0	\$ 0	\$ 1,524	\$	0
Other Revenue	0	3,485	500	3,270	7,255		13,531
Total revenues	1,524	3,485	500	3,270	8,779		13,531
EXPENDITURES							
Public Safety	0	0	0	0	0		16,766
Public Works	418,550	0	0	0	418,550		0
Total expenditures	418,550	0	0	0	418,550		16,766
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(417,026)	3,485	500	3,270	(409,771)		(3,235)
OTHER FINANCING SOURCES (USES)							
Proceeds on Sale of Bonds	525,000	0	0	0	525,000		0
Transfer from Other Funds	0	0	1,487	1,487	2,974		17,035
Transfer to Other Funds	0	0	0	0	0		(703)
Total other financing sources (uses)	525,000	0	1,487	1,487	527,974		16,332
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	107,974	3,485	1,987	4,757	118,203		13,097
FUND BALANCE - April 1	0	0	4,943	16,520	21,463		8,366
FUND BALANCE - March 31	\$ 107,974	\$ 3,485	\$ 6,930	\$ 21,277	\$ 139,666	\$	21,463

Village of Sand Lake – Kent County, Michigan
Street Improvement Fund
Comparative Balance Sheet
For the Year Ended March 31, 2004

	<u>2004</u>	<u>2003</u>
ASSETS		
Cash in Bank - Savings	\$ 145.106	\$ 0
LIABILITIES AND FUND EQUITY		
Contract Retainage Payable	\$ 35.869	\$ 0
Due to Street Debt Fund	1.263	0
Fund Balance	107.974	0
	<u>\$ 145.106</u>	<u>\$ 0</u>

Village of Sand Lake – Kent County, Michigan
Street Improvement Fund
Comparative Statement of Revenues, Expenditures and Changes in Fund Balance
For the Year Ended March 31, 2004 and 2003

	<u>2004</u>	<u>2003</u>
REVENUES		
Interest and Rents	\$ 1.524	\$ 0
EXPENDITURES		
Public Works		
Highways, Streets and Bridges	<u>418.550</u>	<u>0</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(417.026)	0
OTHER FINANCING SOURCES (USES)		
Proceeds on Sale of Bonds	<u>525.000</u>	<u>0</u>
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER (USES)	107.974	0
FUND BALANCE - April 1	0	0
FUND BALANCE - March 31	<u>\$ 107.974</u>	<u>\$ 0</u>

Village of Sand Lake – Kent County, Michigan
Fire Fighting Apparatus Fund
Comparative Balance Sheet
March 31, 2004 and 2003

	<u>2004</u>	<u>2003</u>
ASSETS		
Cash in Savings	<u>\$ 3,485</u>	<u>\$ 0</u>
LIABILITIES AND FUND EQUITY		
Fund Balance	<u>\$ 3,485</u>	<u>\$ 0</u>

Village of Sand Lake – Kent County, Michigan

Fire Fighting Apparatus Fund

Comparative Statement of Revenues, Expenditures and Changes in Fund Balance
For the Years Ended March 31, 2004 and 2003

	<u>2004</u>	<u>2003</u>
REVENUES		
Other Revenue		
Contributions from private sources	\$ 3,485	\$ 12,531
Contributions from Ensley Township	0	1,000
Total revenues	<u>3,485</u>	<u>13,531</u>
EXPENDITURES		
Public Safety		
Fire Department		
Capital outlay	<u>0</u>	<u>16,766</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	3,485	(3,235)
OTHER FINANCING SOURCES (USES)		
Transfer from General Fund	0	1,220
Transfer to Fire Vehicle Fund	0	(703)
Total other financing sources (uses)	<u>0</u>	<u>517</u>
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	3,485	(2,718)
FUND BALANCE - April 1	0	2,718
FUND BALANCE - March 31	<u>\$ 3,485</u>	<u>\$ 0</u>

Village of Sand Lake – Kent County, Michigan
Police Cruiser Replacement Fund
Comparative Balance Sheet
March 31, 2004 and 2003

	<u>2004</u>	<u>2003</u>
ASSETS		
Cash in Savings	<u>\$ 6,930</u>	<u>\$ 4,943</u>
LIABILITIES AND FUND EQUITY		
Fund Balance	<u>\$ 6,930</u>	<u>\$ 4,943</u>

Village of Sand Lake – Kent County, Michigan
Police Cruiser Replacement Fund
Comparative Statement of Revenues, Expenditures and Changes in Fund Balance
For the Years Ended March 31, 2004 and 2003

	<u>2004</u>	<u>2003</u>
REVENUES		
Other	\$ 500	\$ 0
OTHER FINANCING SOURCES (USES)		
Transfer from General Fund	<u>1.487</u>	<u>1.331</u>
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	1.987	1.331
FUND BALANCE - April 1	<u>4.943</u>	<u>3.612</u>
FUND BALANCE - March 31	<u>\$ 6.930</u>	<u>\$ 4.943</u>

Village of Sand Lake – Kent County, Michigan
Fire Vehicle Fund
Comparative Balance Sheet
For the Years Ended March 31, 2004 and 2003

	<u>2004</u>	<u>2003</u>
ASSETS		
Cash in Savings	<u>\$ 21.277</u>	<u>\$ 16.520</u>
LIABILITIES AND FUND EQUITY		
Fund Balance	<u>\$ 21.277</u>	<u>\$ 16.520</u>

Village of Sand Lake – Kent County, Michigan

Fire Vehicle Fund

Comparative Statement of Revenues, Expenditures, and Changes in Fund Balance

For the Years Ended March 31, 2004 and 2003

	<u>2004</u>	<u>2003</u>
REVENUES		
Other Revenue	\$ 3.270	\$ 0
OTHER FINANCING SOURCES (USES)		
Transfer from Other Funds	<u>1.487</u>	<u>14.484</u>
TOTAL REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	4.757	14.484
FUND BALANCE - April 1	<u>16.520</u>	<u>2.036</u>
FUND BALANCE - March 31	<u>\$ 21.277</u>	<u>\$ 16.520</u>

Village of Sand Lake – Kent County, Michigan

Enterprise Funds

Combining Balance Sheet

March 31, 2004

With Comparative Totals at March 31, 2003

	<u>Sewer</u>	<u>Water</u>	<u>2004</u>	<u>Totals</u> <u>2003</u>
ASSETS				
Cash in Checking	\$ 5,304	\$ (10,125)	\$ (4,821)	\$ 3,957
Cash in Savings	36,887	20,492	57,379	77,056
Certificate of Deposit	131,116	0	131,116	129,494
Accounts Receivable	4,038	3,240	7,278	7,745
Assessments Receivable	1,830	3,121	4,951	7,057
Due from Other Funds	0	2,852	2,852	3,574
Due from Kent County	435	309	744	712
Land	101,249	0	101,249	101,249
Sewer System	881,440	0	881,440	881,440
Water System	0	1,241,883	1,241,883	1,241,883
Less: accumulated depreciation	(307,634)	(473,983)	(781,617)	(737,350)
Total assets	<u>\$ 854,665</u>	<u>\$ 787,789</u>	<u>\$ 1,642,454</u>	<u>\$ 1,716,817</u>
LIABILITIES AND FUND EQUITY				
Accounts Payable	\$ 3,010	\$ 0	\$ 3,010	\$ 1,614
Due to General Fund	754	0	754	944
Deferred Revenue	1,830	3,121	4,951	7,057
Contributed Capital	645,520	631,688	1,277,208	1,321,475
Contributed Capital - Other Funds	0	47,000	47,000	47,000
Retained Earnings	203,551	105,980	309,531	338,727
Total liabilities and fund equity	<u>\$ 854,665</u>	<u>\$ 787,789</u>	<u>\$ 1,642,454</u>	<u>\$ 1,716,817</u>

Village of Sand Lake – Kent County, Michigan

Enterprise Funds

Combining Statement of Revenues, Expenses and Changes in Retained Earnings

For the Year Ended March 31, 2004

With Comparative Totals for the Year Ended March 31, 2003

	<u>Sewer</u>	<u>Water</u>	<u>2004</u>	Totals <u>2003</u>
REVENUES				
Operating Revenues				
Charges for services	\$ 26,624	\$ 20,698	\$ 47,322	\$ 71,440
EXPENSES				
Operating Expenses				
Salaries and wages	4,132	11,815	15,947	17,774
Unit's share - social security and unemployment	323	922	1,245	1,395
Operating supplies	1,226	1,099	2,325	1,338
Contracted services	10,714	7,192	17,906	22,728
Telephone	433	569	1,002	1,005
Insurance and bonds	3,608	3,005	6,613	6,179
Utilities	1,144	4,029	5,173	4,300
Repairs and maintenance	31,093	3,868	34,961	23,810
Training and education	0	1,164	1,164	265
Miscellaneous	0	18	18	213
Depreciation	13,221	31,046	44,267	44,267
Total operating expenses	65,894	64,727	130,621	123,274
OPERATING INCOME (LOSS)	(39,270)	(44,029)	(83,299)	(51,834)
Non-Operating Revenues (Expenses)				
Other revenue	1,598	2,324	3,922	586
Interest on investments	2,372	1,437	3,809	4,243
Assessments	270	1,835	2,105	4,420
Transfer from Water Tower Debt Fund	0	0	0	10,007
Total non-operating revenues (expenses)	4,240	5,596	9,836	19,256
NET INCOME (LOSS)	(35,030)	(38,433)	(73,463)	(32,578)
Allocation to Contributed Capital Depreciation	13,221	31,046	44,267	44,267
NET INCOME (LOSS)	(21,809)	(7,387)	(29,196)	11,689
RETAINED EARNINGS- April 1	225,360	113,367	338,727	327,038
RETAINED EARNINGS- March 31	\$ 203,551	\$ 105,980	\$ 309,531	\$ 338,727

Village of Sand Lake – Kent County, Michigan
Enterprise Funds
Combining Statement of Cash Flows
For the Year Ended March 31, 2004
With Comparative Totals for the Year Ended March 31, 2003

	<u>Sewer</u>	<u>Water</u>	<u>2004</u>	<u>Totals</u> <u>2003</u>
CASH FLOWS FROM OPERATING ACTIVITIES				
Net Income (Loss)	\$ (35,030)	\$ (38,433)	\$ (73,463)	\$ (32,578)
Adjustments to Reconcile Operating Income to				
Net Cash Provided by Operating Activities				
Depreciation	13,221	31,046	44,267	44,267
Decrease (Increase) in receivables	215	3,048	3,263	1,934
(Decrease) Increase in payables	1,085	(1,985)	(900)	(5,427)
NET CHANGE IN CASH AND CASH EQUIVALENTS	(20,509)	(6,324)	(26,833)	8,196
CASH AND CASH EQUIVALENTS - April 1	193,816	16,691	210,507	202,311
CASH AND CASH EQUIVALENTS - March 31	<u>\$ 173,307</u>	<u>\$ 10,367</u>	<u>\$ 183,674</u>	<u>\$ 210,507</u>

Village of Sand Lake – Kent County, Michigan

Sewer Fund

Comparative Balance Sheet

March 31, 2004 and 2003

	<u>2004</u>	<u>2003</u>
ASSETS		
Cash in Checking	\$ 5,304	\$ 6,697
Cash in Savings	36,887	57,625
Certificate of Deposit	131,116	129,494
Accounts Receivable	4,038	3,906
Due from Kent County	435	512
Sewer Assessments	1,830	2,100
Land	101,249	101,249
Sewer System	881,440	881,440
Less: accumulated depreciation	(307,634)	(294,413)
Total assets	<u>\$ 854,665</u>	<u>\$ 888,610</u>
LIABILITIES AND FUND EQUITY		
Accounts Payable	\$ 3,010	\$ 1,465
Due to General Fund	754	944
Deferred Revenue	1,830	2,100
Contributed Capital	645,520	658,741
Retained Earnings	203,551	225,360
Total liabilities and fund equity	<u>\$ 854,665</u>	<u>\$ 888,610</u>

Village of Sand Lake – Kent County, Michigan

Sewer Fund

Comparative Statement of Revenues, Expenses and Changes in Retained Earnings For the Years Ended March 31, 2004 and 2003

	<u>2004</u>	<u>2003</u>
REVENUES		
Charges for services		
Sewer usage fees	\$ 26,624	\$ 36,741
EXPENSES		
Operating Expenses		
Salaries and wages	4,132	5,280
Unit's share of social security and unemployment	323	415
Operating supplies	1,226	287
Contracted services	10,714	11,128
Telephone	433	436
Insurance and bonds	3,608	3,019
Utilities	1,144	1,111
Repairs and maintenance	31,093	21,771
Depreciation	13,221	13,221
Total operating expenses	<u>65,894</u>	<u>56,668</u>
OPERATING INCOME (LOSS)	(39,270)	(19,927)
Non-Operating Revenues (Expenses)		
Other revenue	1,598	357
Interest on investments	2,372	3,451
Sewer assessments	270	270
Total non-operating revenues (expenses)	<u>4,240</u>	<u>4,078</u>
NET INCOME (LOSS)	(35,030)	(15,849)
Allocations to Contributed Capital		
Depreciation on Sewer System	<u>13,221</u>	<u>13,221</u>
NET INCOME (LOSS)	(21,809)	(2,628)
RETAINED EARNINGS - April 1	225,360	227,988
RETAINED EARNINGS - March 31	<u>\$ 203,551</u>	<u>\$ 225,360</u>

Village of Sand Lake – Kent County, Michigan

Sewer Fund

Comparative Statement of Cash Flows

For the Years Ended March 31, 2004 and 2003

	<u>2004</u>	<u>2003</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Net Income (Loss)	\$ (35,030)	\$ (15,849)
Adjustment to Reconcile Operating Income to Net Cash Provided by Operating Activities		
Depreciation	13,221	13,221
Decrease (Increase) in receivables	215	1,115
(Decrease) Increase in payables	1,085	(979)
Net cash provided from operating activities	<u>(20,509)</u>	<u>(2,492)</u>
CASH AND CASH EQUIVALENTS - April 1	193,816	196,308
CASH AND CASH EQUIVALENTS - March 31	<u>\$ 173,307</u>	<u>\$ 193,816</u>

Village of Sand Lake – Kent County, Michigan

Water Fund

Comparative Balance Sheet

March 31, 2004 and 2003

	<u>2004</u>	<u>2003</u>
ASSETS		
Cash in Checking	\$ (10,125)	\$ (2,740)
Cash in Savings	20,492	19,431
Accounts Receivable	3,240	3,839
Special Assessments Receivable	3,121	4,957
Due from General Fund	2,852	3,574
Due from Kent County	309	200
Water System	1,241,883	1,241,883
Less: accumulated depreciation	(473,983)	(442,937)
Total assets	<u>\$ 787,789</u>	<u>\$ 828,207</u>
LIABILITIES AND FUND EQUITY		
Accounts Payable	\$ 0	\$ 149
Deferred Revenue	3,121	4,957
Contributed Capital	631,688	662,734
Contributed Capital - Other Funds	47,000	47,000
Retained Earnings	105,980	113,367
Total liabilities and fund equity	<u>\$ 787,789</u>	<u>\$ 828,207</u>

Village of Sand Lake – Kent County, Michigan

Water Fund

Comparative Statement of Revenues, Expenses and Changes in Retained Earnings
For the Years Ended March 31, 2004 and 2003

	<u>2004</u>	<u>2003</u>
REVENUES		
Charges for Services		
Sewer usage fees	\$ 20,698	\$ 34,699
EXPENSES		
Operating Expenses		
Salaries and wages	11,815	12,494
Unit's share of social security and unemployment	922	980
Operating supplies	1,099	1,051
Contracted services	7,192	11,600
Telephone	569	569
Insurance and bonds	3,005	3,160
Utilities	4,029	3,189
Repairs and maintenance	3,868	2,039
Training and education	1,164	265
Miscellaneous	18	213
Depreciation	31,046	31,046
Total operating expenses	<u>64,727</u>	<u>66,606</u>
OPERATING INCOME (LOSS)	(44,029)	(31,907)
Non-Operating Revenues (Expenses)		
Other revenue	2,324	229
Interest on investments	1,437	792
Water assessments	1,835	4,150
Transfer from Water Tower Debt Fund	0	10,007
Total non-operating revenues (expenses)	<u>5,596</u>	<u>15,178</u>
NET INCOME (LOSS)	(38,433)	(16,729)
Allocations to Contributed Capital		
Depreciation	<u>31,046</u>	<u>31,046</u>
NET INCOME (LOSS)	(7,387)	14,317
RETAINED EARNINGS - April 1	113,367	99,050
RETAINED EARNINGS - March 31	<u>\$ 105,980</u>	<u>\$ 113,367</u>

Village of Sand Lake – Kent County, Michigan
Water Fund
Comparative Statement of Cash Flows
For the Years Ended March 31, 2004 and 2003

	<u>2004</u>	<u>2003</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Net Income (Loss)	\$ (38,433)	\$ (16,729)
Adjustment to Reconcile Operating Income to Net Cash Provided by Operating Activities		
Depreciation	31,046	31,046
Decrease (Increase) in receivables	3,048	819
(Decrease) Increase in payables	(1,985)	(4,448)
NET CHANGE IN CASH AND CASH EQUIVALENTS	(6,324)	10,688
CASH AND CASH EQUIVALENTS - April 1	16,691	6,003
CASH AND CASH EQUIVALENTS - March 31	<u>\$ 10,367</u>	<u>\$ 16,691</u>

Village of Sand Lake – Kent County, Michigan
Equipment Rental Fund
Comparative Balance Sheet
March 31, 2004 and 2003

	<u>2004</u>	<u>2003</u>
ASSETS		
Cash in Checking	\$ (303)	\$ (428)
Cash in Savings	27.779	20.134
Vehicles	71.116	71.116
Equipment - Yard and Storage	84.652	82.380
Office Equipment and Furniture	1.705	1.705
Less: accumulated depreciation	(146.895)	(143.135)
Total assets	<u>\$ 38.054</u>	<u>\$ 31.772</u>
LIABILITIES AND FUND EQUITY		
Accounts Payable	\$ 0	\$ 406
Retained Earnings	38.054	31.366
Total liabilities and fund equity	<u>\$ 38.054</u>	<u>\$ 31.772</u>

Village of Sand Lake – Kent County, Michigan

Equipment Rental Fund

Comparative Statement of Revenues, Expenses and Changes in Retained Earnings
For the Years Ended March 31, 2004 and 2003

	<u>2004</u>	<u>2003</u>
REVENUES		
Charges for Services		
Equipment rental	\$ 10,579	\$ 13,668
Other Revenue		
Other	1,677	0
Total revenues	<u>12,256</u>	<u>13,668</u>
EXPENSES		
Operating Expenses		
Repair and maintenance	432	8,322
Depreciation	5,463	10,332
Total operating expenses	<u>5,895</u>	<u>18,654</u>
OPERATING INCOME (LOSS)	6,361	(4,986)
Non-Operating Revenues (Expenses)		
Interest on investments	327	431
NET INCOME (LOSS)	6,688	(4,555)
RETAINED EARNINGS - April 1	31,366	35,921
RETAINED EARNINGS - March 31	<u>\$ 38,054</u>	<u>\$ 31,366</u>

Village of Sand Lake – Kent County, Michigan
Equipment Rental Fund
Comparative Statement of Cash Flows
For the Years Ended March 31, 2004 and 2003

	<u>2004</u>	<u>2003</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Net Income (Loss)	\$ 6,688	\$ (4,555)
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities		
Depreciation	5,463	10,332
(Decrease) Increase in payables	(406)	406
Net cash provided by operating activities	<u>11,745</u>	<u>6,183</u>
INVESTMENT ACTIVITIES		
Purchase of Equipment (Net of Sales)	(3,975)	0
Net cash provided	<u>7,770</u>	<u>6,183</u>
CASH AND CASH EQUIVALENTS - April 1	19,706	13,523
CASH AND CASH EQUIVALENTS - March 31	<u>\$ 27,476</u>	<u>\$ 19,706</u>

Village of Sand Lake – Kent County, Michigan
 Cemetery Perpetual Care Fund
 Comparative Balance Sheet
 March 31, 2004 and 2003

	<u>2004</u>	<u>2003</u>
ASSETS		
Cash in Savings	\$ 26,491	\$ 25,855
LIABILITIES AND FUND EQUITY		
Due to General Fund	\$ 538	\$ 538
Fund Balance - Expendable	650	389
Fund Balance - Non-expendable	25,303	24,928
Total liabilities and fund equity	\$ 26,491	\$ 25,855

Village of Sand Lake – Kent County, Michigan
 Cemetery Perpetual Care Fund
 Comparative Statement of Revenues, Expenses and Changes in Fund Balance
 For the Years Ended March 31, 2004 and 2003

	<u>2004</u>	<u>2003</u>
REVENUES		
Charges for Services		
Cemetery lot sales	\$ 375	\$ 50
Interest and Rents		
Interest on investments	261	403
Total revenues	<u>636</u>	<u>453</u>
OTHER FINANCING SOURCES (USES)		
Transfer to General Fund	0	(4,146)
NET INCOME (LOSS)	636	(3,693)
FUND BALANCE - April 1	25,317	29,010
FUND BALANCE - March 31	<u>\$ 25,953</u>	<u>\$ 25,317</u>

Village of Sand Lake – Kent County, Michigan
 Cemetery Perpetual Care Fund
 Comparative Statement of Cash Flows
 For the Years Ended March 31, 2004 and 2003

	<u>2004</u>	<u>2003</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Net Income	\$ 636	\$ (3,693)
CASH AND CASH EQUIVALENTS - April 1	25,855	29,548
CASH AND CASH EQUIVALENTS - March 31	<u>\$ 26,491</u>	<u>\$ 25,855</u>

SUPPLEMENTARY FINANCIAL DATA

Village of Sand Lake – Kent County, Michigan

Statement of General Long-Term Debt

For the Year Ended March 31, 2004

Amount Available and to be Provided for

Payment of Long-Term Debt

Amount to be Provided by Street Improvement Debt Fund

\$ 525,000

General Long-Term Debt Payable

Street Improvement Bonds Payable

\$ 525,000

Village of Sand Lake – Kent County, Michigan

General Fund

Detailed Schedule of Actual Expenditures

For the Year Ended March 31, 2004

LEGISLATIVE

Village Council

Fees and per diem	\$ 3,690
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GENERAL GOVERNMENT

Elections

Salaries and wages	\$ 466
Supplies	436
Printing and publishing	254
Miscellaneous	405
Total elections	1,561

Assessor

Contracted services	500
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Clerk

Salaries and wages	21,596
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Treasurer

Salaries and wages	7,125
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Building and Grounds

Salaries and wages	23,914
Health insurance	9,009
Operating supplies	5,253
Contracted services	6,939
Telephone	2,238
Printing and publishing	100
Insurance and bonds	4,263
Utilities	13,064
Repairs and maintenance	2,442
Total building and grounds	67,222

Cemetery

Supplies	199
Contracted services	9,938
Insurance and bonds	10
Utilities	148
Total cemetery	10,295

Other Administration

Operating supplies	4,611
Contracted services	7,450
Printing and publishing	355
Insurance and bonds	6,079
Repairs and maintenance	3,306
Miscellaneous	4,509
Total other administration	26,310
Total general government	134,609

Village of Sand Lake – Kent County, Michigan

General Fund

Detailed Schedule of Actual Expenditures - Continued

For the Year Ended March 31, 2004

PUBLIC SAFETY

Police Department

Salaries and wages	\$	18,450
Health insurance		1,225
Operating supplies		2,864
Contracted services		92
Telephone		1,264
Insurance and bonds		6,590
Utilities		1,291
Repairs and maintenance		308
Miscellaneous		352
Total police department		<u>32,436</u>

Fire Department

Salaries and wages		27,617
Operating supplies		13,485
Telephone		1,104
Contracted services		50
Travel and training		1,465
Insurance and bonds		5,315
Utilities		2,715
Repairs and maintenance		1,772
Total fire department		<u>53,523</u>
Total public safety	\$	<u>85,959</u>

PUBLIC WORKS

Street Lighting		
Public utilities	\$	<u>10,018</u>

OTHER FUNCTIONS

Insurance, Bonds, and Fringes		
Unit's share of social security	\$	7,942
Unit's unemployment insurance		158
Total other functions	\$	<u>8,100</u>

DEBT SERVICE

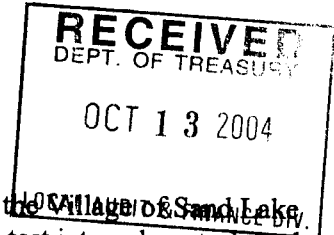
Debt Service		
Principal payments	\$	10,774
Interest payments		556
Total debt service	\$	<u>11,330</u>

TERRY KIRKPATRICK, CPA, P.C.
CERTIFIED PUBLIC ACCOUNTANT

211 MAPLE STREET
P O BOX 817
BIG RAPIDS, MICHIGAN 49307-0817
(231) 796-3332
FAX (231) 796-5554

July 2, 2004

Members of the Village Council
Village of Sand Lake
Kent County, Michigan



We recently completed our audit of the general purpose financial statements of the Village of Sand Lake for the year ended March 31, 2004. During our audit, we had an opportunity to test internal controls and to observe the accounting and financial procedures and many of the general management practices of the Village. Based upon these tests and observations, there are several matters that we specifically want to call to your attention.

CLERK AND TREASURER'S BOOKS

The Clerk and Treasurer's financial records appeared to be maintained very well this year. Both appear to be improving every year.

The one recommendation to both is that their records should be compared every month to determine if any corrections are required. With so many funds involved it is very easy for expenditures to be recorded in a certain fund by the Clerk and a different fund by the Treasurer.

GASB 34

The Village financial statements will be subject to the requirements of GASB # 34 beginning with the fiscal year starting April 1, 2004. We understand that the Village has already prepared an inventory of all capital assets as of April 1, 2004. You should be all set for the year.

OTHER MATTERS

We have enjoyed working with your staff. Their competence and assistance were instrumental in our timely completion of the audit.

Two copies of the audit report, the auditing procedures report, and this letter should be mailed to the Michigan Department of Treasury, Local Audit Division. A pre-addressed envelope is being provided for your convenience.

If you have any questions regarding this letter or the audit, please do not hesitate to contact us.

Terry Kirkpatrick, CPA, P.C.